

State of Rhode Island Revenue Brief FY 2007 Cash Collections through March 2007

Beginning in FY 2004, the State of Rhode Island Budget Office presented a more comprehensive assessment of fiscal year-to-date revenue collections. In particular, the Revenue Brief now contains information on the Other General Revenue Sources. These sources include the Gas Tax Transfer, Other Miscellaneous Revenues, the Lottery Transfer, and the Unclaimed Property remittance.

Users of the report should be cautious when comparing year-to-date growth rates to the revised growth estimate for Other Miscellaneous Revenues and Unclaimed Property as the receipt of these revenues is not continuous. That is, for these two general revenue categories, payments are received at discrete points in time over the course of a fiscal year. Further complicating matters is the fact that the discrete pattern of receipts varies so that payments received do not necessarily occur at the same point in time in each fiscal year.

Total General Revenues

Annual Growth Rates	<u>Revised Growth Estimate</u> 1.5 %	<u>Actual YTD Growth</u> -1.7%	<u>Adjusted YTD Growth</u> 1.3 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$3.190 Billion	<u>Actual YTD Cash</u> \$2.120 Billion	<u>Adjusted YTD Cash</u> \$2.109 Billion

Fiscal Year 2007 total general revenues collected through March 2007 have decreased by 1.7 percent as compared to Fiscal Year 2006 total general revenues collected through March of last year. For the fiscal year-to-date period through March 2007, total general revenues were \$2.120 billion as compared to \$2.157 billion for the same period last year, a decrease of \$37.4 million. Due to various causes, which are detailed below, adjustments need to be made to the fiscal year-to-date data for both FY 2006 and FY 2007.

In FY 2006, the Hospital Licensing Fee was paid in December 2005 but is not yet due for FY 2007. The amount paid in December 2005 was \$71.2 million. The difference in payment schedule between fiscal years causes growth in departmental licenses and fees to appear lower than actual before adjusting for this payment. The FY 2007 Hospital Licensing Fee is not due to the State until July 16, 2007, but accrues to FY 2007, per the FY 2007 Appropriations Act.

Within departmental receipts, on December 15, 2005, \$12.2 million in uncompensated care payment for Eleanor Slater Hospital were made for FY 2006. The FY 2007 uncompensated care payment is not due to the State until July 16, 2007 although it may be paid before this deadline. Within taxes, FY 2006 personal income taxes require an adjustment of \$1.6 million

to correct for state employee pension withholding payments posted in April 2006 which were attributable to March 2006.

In Fiscal Year 2006, motor vehicle revenues were understated by \$2.3 million due to the late posting of interstate trucking payments that are made to the forty-nine other states and Canada. Until FY 2005, this posting was made in June of each fiscal year. Beginning in FY 2005, this posting was not done until the following fiscal year. This pattern of late posting continued in FY 2006 and FY 2007. The FY 2006 payments were made in August 2006, resulting in FY 2007 motor vehicle license and fees being understated by \$2.4 million.

Finally, in FY 2006, taxes on insurance companies were understated by \$442,445 due to the late transfer of FY 2005 retaliatory fees. For the previous nine fiscal years, this transfer was made in June. For FY 2005, however, these fees were not transferred until August 2005. As a result, this transfer was reflected as a reduction of insurance companies revenues in fiscal year-to-date 2006.

In FY 2007, the \$1.2 million transfer from the Underground Storage Tank (UST) fund to the general fund was completed. This revenue accrues back to FY 2006 but appears as positive revenue in year-to-date FY 2007. Also in FY 2007, the Rhode Island Resource Recovery Corporation has transferred \$2.5 million to the general fund through the end of March. This \$2.0 million will accrue back to FY 2006. Further, the Tax Amnesty run from July 1, 2006 through September 31, 2006 brought in \$6.5 million in late and overdue taxes identified as general revenues as well as \$3.1 million in departmental receipts for interest on overdue taxes in FY 2007.

Accounting for these revenue adjustments yields an adjusted rate of growth for the fiscal year-to-date period through March 2007 of 1.3 percent. It should be noted that the adjusted year-to-date growth rate is not necessarily indicative of the projected annual growth. The FY 2007 revised growth estimate, adopted at the November 2006 Revenue Estimating Conference (REC), is an increase of 1.5 percent in total general revenues over audited FY 2006 collections.

Taxes and Departmental Receipts

Annual Growth Rates	<u>Revised Growth Estimate</u> 2.1 %	<u>Actual YTD Growth</u> -1.4 %	<u>Adjusted YTD Growth</u> 2.4 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$2.828 Billion	<u>Actual YTD Cash</u> \$1.900 Billion	<u>Adjusted YTD Cash</u> \$1.907 Billion

The State of Rhode Island Budget Office reports that FY 2007 taxes and departmental receipts collected through March 2007 have decreased by 1.4 percent as compared to FY 2006 collections for the comparable period a year ago. For the fiscal year-to-date period ending March 2007, total taxes and departmental receipts were \$1.907 billion as compared to \$1.935 billion for the same period last fiscal year, a decrease of \$27.9 million.

The late personal income withholding tax posting, the insurance companies retaliatory fee transfer, the Hospital Licensing Fee, the motor vehicle licenses and fees late interstate trucking payments, and the uncompensated care payment, result in a \$(79.1) million adjustment in FY 2006 for comparability between fiscal years. The interstate trucking payments in August 2006, and the Tax Amnesty receipts decrease FY 2007 taxes and departmental receipts by \$7.2 million for the purpose of comparison. These modifications yield a FY 2007 adjusted growth rate in taxes and departmental receipts of 2.4 percent. The FY 2007 revised growth estimate projects an increase of 2.1 percent in total taxes and departmental receipts over audited actual FY 2006 collections.

Other General Revenue Sources

Annual Growth Rates	<u>Revised Growth Estimate</u> -3.2 %	<u>Actual YTD Growth</u> -4.3 %	<u>Adjusted YTD Growth</u> -7.5 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$361.5 Million	<u>Actual YTD Cash</u> \$213.1 Million	<u>Adjusted YTD Cash</u> \$209.3 Million

FY 2007 other general revenue sources collected through the first three quarters of the fiscal year have decreased by 4.3 percent as compared to collections through the first three quarters of fiscal year 2006. Other general revenue sources include the Gas Tax Transfer to the general fund, Other Miscellaneous Revenues, the Lottery Transfer to the general fund, and Unclaimed Property that is transferred to the State in June of each fiscal year. The FY 2007 revised growth estimate for other general revenue sources projects a decrease of 3.2 percent in other general revenue sources over audited FY 2006 collections. For the fiscal year-to-date period ending March 2007, total other general revenue sources were \$213.1 million as compared to \$222.5 million for the same period last year, a decrease of \$9.4 million. Adjustments include \$32,660 in FY 2007 Gas Tax transferred to the general fund which is attributable to the Tax Amnesty, the Rhode Island Resource Recovery Corporation transfer of \$2.5 million in FY 2007 accruing to FY 2006, and the UST fund transfer of \$1.2 million in FY 2007 accruing to FY 2006. These modifications result in an adjusted year-to-date growth rate of -7.5 percent in FY 2007 other general revenue sources over audited actual FY 2006.

Total Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> 2.0 %	<u>Actual YTD Growth</u> 3.0 %	<u>Adjusted YTD Growth</u> 2.5 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$2.533 Billion	<u>Actual YTD Cash</u> \$1.768 Billion	<u>Adjusted YTD Cash</u> \$1.764 Billion

Total tax revenues for the fiscal year-to-date period through March 2007 were \$1.768 billion, or 3.0 percent more than the \$1.716 billion in total taxes collected in FY 2006 through March 2006. Listed below are the modifications that must be made to determine the adjusted growth rate for total taxes.

In FY 2006, personal income withholding taxes were understated by \$1.5 million due to the late posting of the March state employee pension withholding payment. The Tax Amnesty program resulted in late tax payment and overdue interest collections totaling \$9.6 million, of which \$6.5 million are general revenue taxes. These collections were mainly posted in September 2006 and October 2006 and contribute to the increase in year-to-date total taxes. In FY 2007, motor vehicle license and fee revenues are underreported by \$2.4 million due to the late payment of FY 2006 interstate trucking fees.

In FY 2006, motor vehicle license and fee revenues were underreported by \$2.3 million as a result of the late payment of FY 2005 interstate trucking fees. Also, in FY 2006 insurance companies gross premiums taxes were understated by \$442,445 due to the late transfer of FY 2005 retaliatory fees.

These modifications yield an adjusted growth rate 2.5 percent in total taxes. The revised FY 2007 growth estimate for total tax collections is 2.0 percent for FY 2007 tax collections over audited FY 2006.

Personal Income Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> 7.2 %	<u>Actual YTD Growth</u> 8.3 %	<u>Adjusted YTD Growth</u> 7.7 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$1.069 Billion	<u>Actual YTD Cash</u> \$729.1 Million	<u>Adjusted YTD Cash</u> \$726.4 Million

Actual personal income tax collections for FY 2007 through for the first nine months of the fiscal year are up \$56.1 million, or 8.3 percent, compared to the same period last fiscal year. The FY 2007 year-to-date growth rate exceeds the revised FY 2007 over audited FY 2006 growth rate of 7.2 percent in personal income tax collections. The Tax Amnesty program, ending September 30, 2006, has contributed to this increase with \$2.7 million in personal income tax collections in fiscal year 2007. Further, the FY 2006 personal income withholding taxes are understated by \$1.5 million due to the late posting of the state employee pension withholding payment.

FY 2007 year-to-date income tax refunds paid are more by \$7.8 million, or 5.6 percent, compared to the same period in FY 2006. The 5.6 percent actual growth in cash income tax refunds paid between FY 2007 and FY 2006 is less than the revised cash growth rate for income tax refunds paid of 6.7 percent. The Division of Taxation has reported an increase in the electronic filing of tax returns with a refund due. In the period January 13, 2006 to March 31, 2006, a total of 265,831 income tax returns with an average refund due of \$392.27 were processed. In the period January 12, 2007 to March 30, 2007, approximately 248,252 income tax returns with an average refund due of \$479.13 were processed. Thus, between comparable periods in FY 2007 and FY 2006, nearly 17,579 fewer income tax returns with a refund due were processed but the average amount of the refund increased by \$86.86. This

increase is partly the result of the increased refundable earned income tax credit from a rate of 10.0 percent to 15.0 percent enacted during the 2006 legislative session.

Further, the increase in the maximum property tax circuit breaker from \$250 per refund to \$300 per refund for low income property tax payers, low income elderly taxpayers, and disabled taxpayers has contributed to the increase in the average personal income tax refund paid through March 2007. Still, in spite of the increase in income tax refunds paid, on average, over the last five fiscal years only 58.9 percent of total income tax refunds are paid in the first three quarters of the fiscal year.

Income tax withholding payments have grown by \$54.3 million, or 8.7 percent, through the first nine months of FY 2007 when compared to the same period in FY 2006. This growth also reflects unusually large withholding payments collected from a taxpayer in September 2006, totaling \$10.8 million. During fiscal year 2006, extraordinary withholding payments (over \$500,000) totaled \$20.3 million through March. In FY 2007, these extraordinary withholding payments totaled \$37.4 million, reflecting a \$17.1 million, or 84.2 percent, increase over FY 2006 through March. The 8.7 percent actual growth in cash withholding payments between FY 2007 and FY 2006 is higher than the November Revenue Estimating Conference's revised cash growth estimate for income tax withholding payments of 8.0 percent. On average, over the past five fiscal years, 75.7 percent of income tax withholding payments were collected in the first nine months of the fiscal year.

There has been a decrease in final income tax payments received. Fiscal year-to-date final income tax payments are down \$1.3 million, or -2.7 percent, through March of FY 2007 as compared to final payments for the first nine months of FY 2006. The -2.7 percent actual growth in cash final income tax payments received between FY 2007 and FY 2006 is substantially less than the revised cash growth rate for final income tax payments received of 2.9 percent. Despite this sizeable difference in growth rates, the decrease in final income tax payments received is minor and of little consequence given that, on average, over the last five fiscal years only 21.0 percent of total final income tax payments are received in the first three quarters of the fiscal year. The single month of April tends to provide the most insight as, on average, over the last five fiscal years, 74.9 percent of total final income tax payments post.

Finally, with respect to estimated income tax payments, year-to-date FY 2007 collections are up \$9.3 million from FY 2006 collections at this time last year. This increase translates into a fiscal year-to-date growth rate of 6.8 percent. The 6.8 percent actual growth in cash estimated income tax payments received between FY 2007 and FY 2006 lags the revised cash growth rate for estimated income tax payments received of 7.6 percent. The growth in estimated income tax payments may be significant given that, on average, over the last five fiscal years, 676.6 percent of total estimated income tax payments are made through the end of March.

Sales and Use Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> 2.9 %	<u>Actual YTD Growth</u> 1.6 %	<u>Adjusted YTD Growth</u> 1.1 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$895.0 Million	<u>Actual YTD Cash</u> \$662.1 Million	<u>Adjusted YTD Cash</u> \$659.0 Million

Sales and use tax collections in FY 2007 are up \$10.4 million, or 1.6 percent, relative to last fiscal year at this time. The Division of Taxation reports \$3.1 million of sales and use tax was collected attributable to Tax Amnesty. As always, the monthly sales tax receipts reported here reflect the prior month's retail sales activity. For both FY 2006 and FY 2007, the state's sales tax rate is 7.0 percent. The 1.6 percent growth in sales and use tax revenues for fiscal year-to-date 2007 is lower than the FY 2007 over audited FY 2006 sales and use tax collections growth estimate of 2.9 percent.

According to the Division of Taxation, within the sales tax components, registry receipts were down 7.3 percent in the first nine months of FY 2007 when compared to same period last fiscal year. Net sales tax receipts remitted directly to the Division of Taxation posted a gain of 2.7 percent during FY 2007's first nine months versus the first nine months of FY 2006. Providence Place Mall (PPM) sales tax receipts were up 9.1 percent through March of FY 2007 versus the same period in FY 2006.

General Business Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> -8.1 %	<u>Actual YTD Growth</u> -1.0 %	<u>Adjusted YTD Growth</u> -1.4 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$338.0 Million	<u>Actual YTD Cash</u> \$214.3 Million	<u>Adjusted YTD Cash</u> \$213.7 Million

In general, it is possible at this time to begin to discern patterns in this year's general business tax collections. Most general business taxes are paid in March and June of the fiscal year, with 40.0 percent of total tax liability due in March and 60.0 percent of total tax liability due in June. Presumably, the fiscal year-to-date March 2006 data reflect the receipt of this first payment and, as a result, the general business tax components can be analyzed in greater detail than in past months.

Total general business taxes collected in the fiscal year-to-date March 2007 period were \$214.3 million, or \$2.1 million less than the \$216.4 million collected for the same period in FY 2006. Year-to-date growth in FY 2007 is -1.0 percent. In August of FY 2006, \$442,445 attributable to FY 2005 was transferred out of insurance companies taxes, requiring an adjustment to general business taxes. The Tax Amnesty program resulted in general business tax collections of \$549,775 posted through October 2006. As a result, adjusted FY 2007 growth in general business taxes is -1.4 percent. The revised growth estimate for FY 2007 is -8.1 percent over FY 2006 audited collections.

In the FY 2002 through FY 2006 period, 55.1 percent of business corporations taxes were collected, on average, by the end of March, up from 5.6 percent through February. FY 2007 year-to-date business corporations taxes are down \$9.5 million, or -8.5 percent, from last fiscal year at this time, but are higher than the revised business corporations tax estimate of -17.3 percent over FY 2006 audited collections. Business corporations tax collections of \$227,291 were due to the Tax Amnesty.

Health care provider assessment taxes through March 2007 were \$34.6 million, an increase of -0.7 percent over the same period in FY 2006. The Tax Amnesty brought in \$235,230 of late health care provider assessment taxes. The health care provider assessment collections flow more evenly into the general fund over the course of the fiscal year, with a five-year average percent of total collections of 72.9 percent for the first nine months of the fiscal year.

Bank deposit taxes of \$631,590 were received through the first three quarters of FY 2006 as compared to \$605,323 collected through March 2006. They tend to post irregularly until March, when the first 60.0 percent of total tax liability is due. Year-to-date March 2007 financial institutions taxes collected are up \$957,707 compared to collections for the comparable period last year.

The insurance companies tax is up 4.5 percent year-to-date. An adjustment must be made for the late transfer in FY 2006 of \$442,445 in retaliatory fees claimed on insurance companies taxes collected for the 2004 calendar year. These fees should have been posted in FY 2005 when the insurance companies' tax returns were collected. Instead, the retaliatory fees were transferred late, during FY 2006, creating an understatement in year-to-date collections through February 2006. The Tax Amnesty brought in \$78,056 in late insurance companies taxes. Taking into account the late transfer and amnesty results in an adjusted growth rate of 0.5 percent through March 2007. Insurance companies taxes tend to post irregularly until March, when the first 60.0 percent of total tax liability is due.

Public utilities gross earnings taxes are up 13.1 percent. In September 2005, a public utilities gross earnings tax filer paid \$5.0 million in taxes related to FY 2005 in order to meet "safe harbor" provisions for its tax year 2005 estimated liability. In calendar year 2004, the public utility's gross earnings liability was \$29.3 million. In March 2005, an estimated payment of \$10.4 million was made and in June 2004 another estimated payment of \$14.0 million was made. In order to meet the "safe harbor" the public utility paid an additional \$5.0 million in September 2005. In August 2006 the public utility again paid \$5.6 million to help meet the "safe harbor" for its tax year 2006 estimated liability. Public utilities gross earnings taxes were enhanced by an additional \$9,198 which was collected as part of the Tax Amnesty program.

Excise Taxes Other Than the Sales and Use Tax

Annual Growth Rates	<u>Revised Growth Estimate</u> -4.4 %	<u>Actual YTD Growth</u> -5.3 %	<u>Adjusted YTD Growth</u> -5.2 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$181.7 Million	<u>Actual YTD Cash</u> \$128.2 Million	<u>Adjusted YTD Cash</u> \$130.6 Million

Excise taxes other than sales and use taxes collected in the fiscal year-to-date March 2007 period totaled \$128.2 million or \$7.2 million less than the \$135.4 million collected for the same period in FY 2006. In FY 2007, June 2006 interstate trucking payments were made in August 2006 causing an understatement of \$2.4 million. In FY 2007 motor vehicle license and fee revenues are understated for the third straight year.

In FY 2006, motor vehicle receipts were understated by \$2.3 million for July 2005 due to a delay in the posting of June 2005 interstate trucking payments by the Division of Motor Vehicles. Additionally, in FY 2006, the "proof of claim" payment made to the State for an FY 2005 bankruptcy proceeding for \$974,102 was reversed to and redistributed through the ISTF to correct for the misposting to motor fuel tax.

Rhode Island cigarette tax receipts are comprised of excise taxes collected on the sale of cigarettes, smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax on cigarettes. In FY 2006 and FY 2007 no increase in the cigarette excise tax was passed into law and, as a result, no cigarette floor stock tax revenues were collected in FY 2006 and none are expected for the current fiscal year. Total cigarette tax receipts for the first nine months of FY 2007 are down 5.8 percent compared to the same period a year ago.

Finally, the change in cigarette consumption is determined. First, the value of the cigarette floor stock tax and smokeless tobacco products tax is netted out of the data. The result is a decrease in Rhode Island cigarette consumption of 6.1 percent for the first nine months of FY 2007 versus the first nine months of FY 2006.

Other Taxes

Annual Growth Rates	<u>Revised Growth Estimate</u> -14.0 %	<u>Actual YTD Growth</u> -13.4 %	<u>Adjusted YTD Growth</u> -13.6 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$49.4 Million	<u>Actual YTD Cash</u> \$34.1 Million	<u>Adjusted YTD Cash</u> \$34.0 Million

Total other taxes collected through March of FY 2007 totaled \$34.1 million versus \$39.4 million in other taxes collected during the same period last fiscal year, a decrease of \$5.3 million, or -13.4 percent. Inheritance tax collections totaled \$21.9 million through March of FY 2007, a decrease of 14.4 percent from the \$25.6 million collected through the first nine

months of FY 2006. The Tax Amnesty resulted in an additional \$99,114 in inheritance tax collected in FY 2007. Given the fact that inheritance tax collections are volatile, it is not possible to make any valid comments about this revenue source. Racing and athletics tax collections through March of FY 2007 are down 18.6 percent relative to the same period in FY 2006. Realty transfer taxes are down by 9.8 percent through March of FY 2007 versus March of FY 2006. The other taxes growth estimate is -14.0 percent in revised FY 2007 over audited FY 2006 total other taxes.

Total Departmental Receipts

Annual Growth Rates	<u>Revised Growth Estimate</u> 2.7 %	<u>Actual YTD Growth</u> -36.5 %	<u>Adjusted YTD Growth</u> 0.3 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$295.2 Million	<u>Actual YTD Cash</u> \$139.0 Million	<u>Adjusted YTD Cash</u> \$135.9 Million

FY 2007 year-to-date departmental receipts total \$139.0 million, a decrease of \$79.9 million from the amount that was collected last fiscal year at this time. Actual departmental receipts for FY 2007 are down 36.5 percent when compared to receipts collected for the same period a year ago. It is important to note that, in the licenses and fees category of departmental receipts, the Hospital Licensing Fee is not due for FY 2007 until July 16, 2007 and will be accrued back to FY 2007 after payment has been received. The Hospital Licensing Fee accounted for \$71.2 million in departmental revenues in FY 2006. In the sales and services category of departmental receipts, the deadline for uncompensated care payments for the Eleanor Slater Hospital has been changed from January 2007 to July 2007. The uncompensated care payments accounted for \$12.2 million in departmental revenues in FY 2006. The FY 2007 growth estimate is 2.7 percent over audited FY 2006 departmental receipt collections.

Within the total departmental receipt components, licenses and fees are down \$69.3 million, or 45.3 percent, through March of FY 2007 versus FY 2006 through March. This decrease is primarily due to the payment of the Hospital Licensing Fee payment of \$71.2 made in December 2005 for FY 2006 versus no payment made through February 2007 for FY 2007. In FY 2007 the interim hospital rate settlement payments to the state have totaled \$3.9 million more than fiscal year-to-date through March 2006.

Fines and penalties are up \$219,653 through the first nine months of FY 2007 versus the first nine months of FY 2006. The increase is despite the unusually large banking enforcement fee of \$760,000 which was received in July 2005 and will not repeat in FY 2007. The banking enforcement fee is offset by the interest and penalties on overdue taxes which are cumulatively higher year-to-date by \$415,147 most likely due to the Tax Amnesty as well as generally higher collections of fines and penalties.

Sales and services revenues are down \$11.1 million, or 48.4 percent, through March of FY 2007 versus the same period last fiscal year. The FY 2007 decrease in sales and service revenues is a result of the statutorily delayed posting of uncompensated care payments. The FY 2006 uncompensated care payment to the Eleanor Slater Hospital was \$12.2 million

however the FY 2007 reimbursements for uncompensated care payments were shifted into FY 2008 in the FY 2007 Appropriations Act. The FY 2007 Appropriations Act changed the date the uncompensated care is required for FY 2007 to July 16, 2007, effectively FY 2008. Adjusting for the change in payment scheduling results in a 10.1 percent increase for the first nine months of FY 2007 over the first nine months of FY 2006.

Finally, miscellaneous departmental revenues are up \$328,905, or 1.5 percent, through the first nine months of FY 2007 versus the first nine months of FY 2006.

Gas Tax Transfer

Annual Growth Rates	<u>Revised Growth Estimate</u> 8.4 %	<u>Actual YTD Growth</u> -1.7 %	<u>Adjusted YTD Growth</u> -2.7 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$4.7 Million	<u>Actual YTD Cash</u> \$3.5 Million	<u>Adjusted YTD Cash</u> \$3.5 Million

The Gas Tax Transfer is down 1.7 percent for FY 2007 through March when compared to FY 2006 for the same period. The revised growth rate estimate for the gas tax transfer is 8.4 percent. In both FY 2007 and FY 2006, \$0.01 per gallon of the State's \$0.30 per gallon motor fuel tax is devoted to the general fund. Accounting for the \$32,660 received from the Tax Amnesty, the adjusted FY 2007 growth rate, through March 2007, of the Gas Tax Transfer is -2.7 percent over FY 2006 through March 2006.

Other Miscellaneous Revenues

Annual Growth Rates	<u>Revised Growth Estimate</u> -18.1 %	<u>Actual YTD Growth</u> 167.9 %	<u>Adjusted YTD Growth</u> -59.0 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$25.5 Million	<u>Actual YTD Cash</u> \$6.1 Million	<u>Adjusted YTD Cash</u> \$2.5 Million

Other Miscellaneous Revenues are up 167.9 percent in FY 2007 when compared to the same period one year ago. FY 2007 year-to-date collections total \$6.1 million compared to \$2.3 million collected at this time last fiscal year. This increase is accounted for in the Attorney General's transfer of \$216,038 in September 2006 from its dormant Consumer Education Escrow account, the UST Fund transfer of \$1.2 million to the general fund attributable to FY 2006, the Rhode Island Resource Recovery Corporation transfer of \$2.5 million to the general fund attributable to FY 2006, and the transfer of \$2.0 million for the AIG settlement payments to the Second Injury and Donnelly Center Funds. Inter-year adjustments through the first nine months of FY 2007 are down by \$1.0 versus the first nine months of FY 2006. Finally, the year-to-date operating transfers from Rhode Island Depositors Economic Protection Corporation (DEPCO) are down by \$1.0 million. The revised FY 2007 growth estimate is -18.1 percent over audited FY 2006 collections. The actual year-to-date growth in other miscellaneous revenues is not a surprise given the lack of consistency in typical receipt patterns.

Lottery Transfer

Annual Growth Rates	<u>Revised Growth Estimate</u> -0.9 %	<u>Actual YTD Growth</u> -6.1 %	<u>Adjusted YTD Growth</u> -6.1 %
Annual Dollar Values	<u>Revised Revenue Estimate</u> \$321.0 Million	<u>Actual YTD Cash</u> \$203.4 Million	<u>Adjusted YTD Cash</u> \$203.4 Million

The Lottery Transfer to the general fund is down 6.1 percent, or \$13.3 million, in the FY 2007 fiscal year-to-date period compared to the same period last year. There were no changes made to the distribution of video lottery net terminal income (NTI) in the FY 2007 budget. In the first three quarters of FY 2007, the State's share of video lottery NTI decreased, at -6.1 percent versus the same period in FY 2006. This is substantially lower than the revised growth rate of -0.5 percent over FY 2006. The transfer to the State general fund from instant and monitor games is down 5.3 percent for the first three quarters of FY 2007 versus the same period last year. The revised FY 2007 growth rate estimate for instant and monitor games is -2.2 percent.



Rosemary Booth Gallogly, State Budget Officer

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STATE OF RHODE ISLAND
Year To Date Revenues

	FY 2006 March	FY 2007 March	Change	Revised Estimate
<u>Personal Income Tax</u>	672,955,866	729,102,076	8.3%	7.2%
<u>General Business Taxes</u>				
Business Corporations	111,534,557	102,029,833	-8.5%	-17.3%
Public Utilities Gross Earnings	44,430,437	50,414,063	13.5%	0.7%
Financial Institutions	(314,035)	643,672	-305.0%	-74.9%
Insurance Companies	25,248,854	25,904,901	2.6%	-0.3%
Bank Deposits	605,323	631,590	4.3%	7.1%
Health Care Provider Assessment	34,866,212	34,630,168	-0.7%	3.2%
<u>Excise Taxes</u>				
Sales and Use	651,681,256	662,108,334	1.6%	2.9%
Motor Vehicle	32,706,397	30,918,761	-5.5%	-8.8%
Motor Fuel	690,216	722,079	4.6%	1764.5%
Cigarettes	94,248,099	88,764,430	-5.8%	-3.8%
Alcohol	7,761,923	7,788,661	0.3%	1.2%
Controlled Substances	-	-	-	-
<u>Other Taxes</u>				
Inheritance and Gift	25,619,793	21,929,694	-14.4%	-17.5%
Racing and Athletics	2,624,812	2,136,479	-18.6%	-11.2%
Realty Transfer	11,122,750	10,037,881	-9.8%	-5.4%
Total Taxes	\$ 1,715,782,460	\$ 1,767,762,621	3.0%	2.0%
<u>Departmental Receipts</u>				
Licenses and Fees	152,942,309	83,642,295	-45.3%	
Fines and Penalties	21,475,633	21,695,286	1.0%	
Sales and Services	22,985,486	11,863,844	-48.4%	
Miscellaneous	21,486,553	21,815,458	1.5%	
Total Departmental Receipts	\$ 218,889,981	\$ 139,016,883	-36.5%	2.7%
Taxes and Departmentals	\$ 1,934,672,441	\$ 1,906,779,504	-1.4%	2.1%
<u>Other General Revenue Sources</u>				
Gas Tax Transfer	3,582,615	3,520,307	-1.7%	8.4%
Other Miscellaneous Revenues	2,290,815	6,136,718	167.9%	-18.1%
Lottery Transfer	216,649,646	203,399,490	-6.1%	-0.9%
Unclaimed Property			-	
Total Other Sources	\$ 222,523,076	\$ 213,056,515	-4.3%	-3.2%
Total General Revenues	\$ 2,157,195,517	\$ 2,119,836,019	-1.7%	1.5%